

Senate File 203 - Introduced

SENATE FILE 203

BY HOGG

A BILL FOR

1 An Act relating to the creation of the bond repayment fund and
2 including effective date and applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 8.55, subsection 2, Code 2011, is amended
2 to read as follows:

3 2. a. The maximum balance of the fund is the amount equal
4 to two and one-half percent of the adjusted revenue estimate
5 for the fiscal year. If the amount of moneys in the Iowa
6 economic emergency fund is equal to the maximum balance, moneys
7 in excess of this amount shall be transferred to the ~~general~~
8 bond repayment fund.

9 b. Notwithstanding paragraph "a", any moneys in excess of
10 the maximum balance in the economic emergency fund after the
11 distribution of the surplus in the ~~general~~ bond repayment fund
12 ~~of the state~~ at the conclusion of each fiscal year shall not
13 be transferred to the ~~general~~ bond repayment fund of the state
14 but shall be transferred to the senior living trust fund. The
15 total amount appropriated, reverted, or transferred, in the
16 aggregate, under this paragraph, section 8.57, subsection 2,
17 and any other law providing for an appropriation or reversion
18 or transfer of an appropriation to the credit of the senior
19 living trust fund, for all fiscal years beginning on or after
20 July 1, 2004, shall not exceed the amount specified in section
21 8.57, subsection 2, paragraph "c".

22 Sec. 2. NEW SECTION. 8.57E Bond repayment fund.

23 1. The bond repayment fund is created. The fund shall be
24 separate from the general fund of the state and the balance in
25 the fund shall not be considered part of the balance of the
26 general fund of the state. The moneys credited to the fund
27 are not subject to section 8.33 and shall not be transferred,
28 used, obligated, appropriated, or otherwise encumbered except
29 as provided in this section.

30 2. Moneys in the bond repayment fund shall only be used
31 for the defeasance of outstanding obligations of state-issued
32 revenue bonds that have a debt service paid by a dedicated
33 state revenue source.

34 3. a. Moneys in the fund may be used for cash flow purposes
35 during a fiscal year provided that any moneys so allocated are

1 returned to the fund by the end of that fiscal year.

2 **b.** Except as provided in section 8.58, the bond repayment
3 fund shall be considered a special account for the purposes of
4 section 8.53 in determining the cash position of the general
5 fund of the state for the payment of state obligations.

6 4. Notwithstanding section 12C.7, subsection 2, interest or
7 earnings deposited in the bond repayment fund shall be credited
8 to the fund.

9 Sec. 3. Section 8.58, Code 2011, is amended to read as
10 follows:

11 **8.58 Exemption from automatic application.**

12 1. To the extent that moneys appropriated under section
13 8.57 do not result in moneys being credited to the general
14 fund under section 8.55, subsection 2, moneys appropriated
15 under section 8.57 and moneys contained in the cash reserve
16 fund, rebuild Iowa infrastructure fund, environment first fund,
17 and Iowa economic emergency fund, and bond repayment fund
18 shall not be considered in the application of any formula,
19 index, or other statutory triggering mechanism which would
20 affect appropriations, payments, or taxation rates, contrary
21 provisions of the Code notwithstanding.

22 2. To the extent that moneys appropriated under section
23 8.57 do not result in moneys being credited to the general fund
24 under section 8.55, subsection 2, moneys appropriated under
25 section 8.57 and moneys contained in the cash reserve fund,
26 rebuild Iowa infrastructure fund, environment first fund, and
27 Iowa economic emergency fund, and bond repayment fund shall not
28 be considered by an arbitrator or in negotiations under chapter
29 20.

30 Sec. 4. EFFECTIVE UPON ENACTMENT — APPLICABILITY.

31 1. This Act, being deemed of immediate importance, takes
32 effect upon enactment.

33 2. The amendment to section 8.55, providing for transfer
34 of moneys from the Iowa economic emergency fund to the bond
35 repayment fund instead of the general fund of the state applies

1 to transfers made from the Iowa economic emergency fund after
2 the effective date of this Act and the state general fund
3 expenditure limitation calculated for the fiscal year beginning
4 July 1, 2011, shall be adjusted accordingly.

5 EXPLANATION

6 This bill creates the bond repayment fund and provides
7 effective date and applicability provisions.

8 The bond repayment fund is to be separate from the general
9 fund of the state and the balance in the fund shall not be
10 considered part of the balance of the general fund of the
11 state. Moneys in the bond repayment fund shall only be used
12 for the defeasance of outstanding obligations of state-issued
13 revenue bonds that have a debt service paid by a dedicated
14 state revenue source.

15 Code section 8.55 is amended to provide that when the Iowa
16 economic emergency fund achieves its maximum balance the excess
17 funds are transferred to the bond repayment fund instead of
18 the general fund of the state. Code section 8.58, exempting
19 the balances in existing reserve funds from being considered
20 in the application of any formula, index, or other statutory
21 triggering mechanism which would affect appropriations,
22 payments, or taxation rates, and by an arbitrator or collective
23 bargaining negotiation under Code chapter 20, is amended by
24 adding the new bond repayment fund created in the bill.

25 The bill takes effect upon enactment, applies to transfers
26 made from the Iowa economic emergency fund to the bond
27 repayment fund instead of the general fund on or after the
28 effective date, and requires the effect of such transfers to
29 be reflected by adjusting the state general fund expenditure
30 limitation calculated for fiscal year 2011-2012 accordingly.